

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

LAURA MCKNIGHT, TRISHA §
TURNER, ANDREW BAKER, RACHAEL §
FREEDMAN, KIMBERLY MCCRAY, and §
MARGO MORENO, §
PLAINTIFFS, §

v. §

D. HOUSTON, INC. D/B/A TREASURES, §
A.H.D. HOUSTON, INC. D/B/A §
CENTERFOLDS, §
D N.W. HOUSTON, INC. D/B/A GOLD §
CUP, D. RANKIN, INC. D/B/A TROPHY §
CLUB, D WG FM, INC. D/B/A §
SPLendor, W.L. YORK, INC. D/B/A §
COVER GIRLS, AND, IN THEIR §
INDIVIDUAL CAPACITIES, §
ALI DAVARI and HASSAN DAVARI, §
DEFENDANTS. §

C.A. NO. 09-3345

Jury Trial Demanded

DECLARATION OF MARGO MORENO

Pursuant to 28 U.S.C.A. § 1746, the undersigned declares as follows:

“My name is MARGO MORENO. I am over the age of eighteen and competent to attest to the facts set forth herein. I am a party to the above styled lawsuit. The facts of this Declaration are within my personal knowledge and are true and correct.”

“From June 2004 to March 2009, I worked for D. Houston, Inc. d/b/a Treasures, which is owned and operated by Ali and Hassan Davari. During the time at issue in this case, they also owned and operated A.H.D. Houston, Inc. d/b/a Centerfolds, D N.W. Houston, Inc. d/b/a Gold Cup, D. Rankin, Inc. d/b/a Trophy Club, D WG FM, Inc. d/b/a Splendor, W.L. York, Inc. d/b/a Cover Girls. During most of the time I worked for the Davari brothers, including the last part of my employment, I worked as a waitress. I was paid sub minimum wage of \$2.13 per hour, plus tips, although I was not always paid for every hour I worked.”

“During the time I worked for the Davaris, the policy was to have 5% deducted from the amount I was to be paid for credit card charge tips. This practice of charging more than the actual credit card conversion fee was standard and happened the whole time I worked for the Davaris. I have heard from other employees that this type of

deduction was standard at each of the clubs the Davaris owned.”

“Also, part of our job duties included processing the drinks, food, and “lap dance” charges on our customers’ credit cards. The dancers charged customers \$20 per dance for cash dances, and \$25 per dance if paid by credit card, since dancers were forced to give \$5 per dance to the club if a dance was paid by credit card. No money was actually paid by the dancer to the club if a patron paid for a dance in cash. It is my understanding that the \$5 credit card fee charged to the dancers more than covered any expense associated with processing any credit card transaction. The dancers also had to pay a door “entrance fee” upon first entering the club at night. The payment varied based upon the time they arrived. This was a significant source of revenue, too.”

“As for how waitresses and bartenders got paid, we often had to wait to get paid our tips on larger credit card charges. So, the managers would just say that we would have to wait a month or more to make sure that the customer did not contest the charge, and then we would get paid. Other times, if we did get paid on a credit card transaction which was later contested in whole or in part, one of the managers would make the waitress and the dancer pay back the money they got. To pay it back, we were ordered to bring cash in an envelope and either give it directly to David Davari, leave it with Morris at the cash cage, give it to a manager, leave it at the front door, or slide the envelope under David Davari’s office door.”

“For example, I was told that if the credit card tab was disputed, we were required to pay it back in a minimum of \$300 installments, until the entire tab was paid back. Once, when I was told I had a tab dispute and that I was required to pay back \$169, I chose not to pay it back for a while because it was less than the “\$300” amount that I understood. It later backfired on me when I was suspended for not paying the \$169 back in a timely manner.”

“I paid back contested charges in cash on at least several different occasions during the time I worked for Treasures. A number of other times, I also saw other waitresses and dancers bring cash in envelopes like I did to repay the club if a credit card charge was forced back. Despite requests, the club refused to provide any proof of the credit card charge backs.”

“All of the bartenders and waitresses who worked for the Davaris did the same job. We had the same job duties and were subjected to the same control by the Davaris, who were very hands on. As I have seen it and I understand it, the clubs had the same formula used for credit card processing fees assessed to waitresses and bartenders.”

“I am also aware that waitresses had to eat the cost of spilled drinks. The earlier policy was that the club issued “spill tickets,” but the owners believed that could be abused, so they made waitresses pay for the spillage towards the end of my employment.”

"I swear under penalty of perjury that the foregoing is true and correct."

Dated: May 5th, 2010

Margo Moreno
MARGO MORENO